

**INTERIM REPORT OF THE  
2005-2006 GRAND JURY  
SAN BERNARDINO COUNTY  
May 18, 2006**

**DOES SAN BERNARDINO COUNTY  
HAVE UNTAPPED RESOURCES?**

**BACKGROUND**

There is tremendous growth currently in San Bernardino County. This growth is taking place in new construction of single family dwellings, commercial, and industrial development in both incorporated and unincorporated areas in the County. As a result, the demand for County infrastructure and services continues to grow at a high rate.

The County Board of Supervisors has addressed the issue through mitigation fees to take care of the increased need for negotiating with developers, on a case-by-case basis. However, this focuses only on immediate needs. This system falls short of addressing the subsequent impact of surrounding cities and towns within the sphere of influence. Mitigation fees, for example, might require a housing developer to supply traffic control at the intersections of their development that feed into a major thoroughfare, but do not address the issue of other burdens to the surrounding communities that come from such growth. The mitigation fee system is designed to address only the present infrastructure needs, not the impact that the developments have on the County as a whole, especially in the area of expanding services required by new development.

Many incorporated areas within the County and adjacent counties have switched to a focus on the future. These governmental entities have started implementing Development Impact Fees (DIF). Development Impact Fees are one time charges applied to new developments. Their goal is to raise revenue for the construction or expansion of capital facilities located outside the boundaries of the new development that also benefit the contributing development. Impact fees are assessed and dedicated principally for the provision of additional water and sewer systems, roads, schools, libraries and parks and recreation facilities made necessary by the presence of new residents in the area. The funds collected cannot be used for operation, maintenance, repair, alteration or replacement of capital facilities. This system of funding could provide San Bernardino County with a new revenue source. In order to develop an equitable DIF schedule, a detailed nexus study is required which would provide a link between new development and the actual impact of providing infrastructure services.

## **FINDINGS**

The population within the County increased during the past year by 2.1 percent. This is equivalent to approximately half of the current population of Redlands or Apple Valley. The past and projected County population growth is provided below:

1990	2000	CHANGE	2005	CHANGE	2010	CHANGE	2020	CHANGE
1,418,380	1,709,434	+20.50%	1,946,202	+13.90%	2,059,420	+5.80%	2,397,709	+16.40%

With the increased population growth comes the increased demand on the infrastructure and the need for additional services. The County of San Bernardino is constantly attempting to secure additional facility space, either by leasing or constructing facilities to provide services to residents. As an example, this Grand Jury has already released an Interim Report on the critical need for additional jail space, and DIF could be a partial funding source. The current process of addressing the problem through the use of mitigation fees, done on a case-by-case basis, does not address the long-term needs of the County and is not designed to provide for the future needs.

Cities and towns throughout the County have been adjusting their development fees to include DIF. These fees are designed to provide for the future needs of the cities residents. Redlands charges a park assessment as a part of their permit fees. The City of Victorville is going to be using DIF to fund future library construction for their residents. Grand Terrance is considering increasing their developer fees from \$2,844 to \$13,930. The City of San Bernardino recently increased their developer fees from \$12,000 per unit to more than \$21,000. According to the County's Land Use Services Department, the average permit fee for a 1,800 square foot single-family dwelling is only \$1,600. Cities, by significantly increasing their developer fees, have realized that new development needs to pay the cost for the additional services that the development creates.

Riverside County passed Ordinance No. 659.6 by a 5-0 vote of their Board of Supervisors in September 2001 after a nexus study was completed. Their ordinance contains comprehensive DIF structures for 20 different development areas within their county. As a result of these efforts, \$11 to \$15 million in additional revenue was generated the first six months that DIF was in effect. Currently, Riverside County is generating approximately \$30 million a year from DIF. Through their comprehensive Development Impact Fees they are funding the construction of public facilities, fire facilities, roads, bridges, traffic signals, conservation/land banks, regional parks, regional multi-purpose trails, flood control, and library books. A portion of their DIF income will be used to construct additional jail space.

If San Bernardino County would have had a DIF structure in place over the past year, similar to the system in effect in Riverside County, San Bernardino County would have generated over \$13 million in DIF revenue. With the current development in the County in the High Desert and along Interstates 15, 210, 215 and Highway 30, additional revenue would be generated.

Members of the Grand Jury have met with all of the members of the Board of Supervisors to inquire why San Bernardino County has not pursued the implementation of Development Impact Fees. One Supervisor replied that “it is long overdue”. Another indicated that he thought it was “good idea” even though it might not have a great impact on his district. Another indicated that at one time the Board of Supervisors was more forward looking; however, over the past decade long-term planning has not been a “high priority”. Another stated that it is being done in the area of transportation (Measure I) and could be done in some other areas, fire facilities, libraries, etc.

With the implementation of Development Impact Fees, the County can focus on future needs. Development Impact Fees are an untapped resource that can help meet those needs.

## **RECOMMENDATION**

COMMISSION A NEXUS STUDY TO DETERMINE THE FEASIBILITY FOR IMPLEMENTATION OF COMPREHENSIVE DEVELOPMENT IMPACT FEES RELATED TO FUTURE DEVELOPMENT AND THE CONSTRUCTION OF PUBLIC FACILITIES, FIRE FACILITIES, ROADS, BRIDGES, TRAFFIC SIGNALS, CONSERVATION/LAND BANKS, REGIONAL PARKS, REGIONAL MULTI-PURPOSE TRAILS, FLOOD CONTROL, AND LIBRARY BOOKS WITHIN UNINCORPORATED AREAS OF SAN BERNARDINO COUNTY.